



# THE NEW BUSINESS ENVIRONMENT



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# AGENDA

## ✓ Getting Ready for the New Contracts

- New Financial Mechanisms
- MTF Prime Enrollee Care
- Resource Sharing/Local Support
- Incentives



*WHAT CAN I DO NOW?*



# Contract Awards

## Region

## Contractor

North

Health Net  
Federal Services

Protest Filed  
Federal Court

South

Humana Military  
Health Services

West

TRI-West Healthcare  
Alliance

Moving forward with transition meetings until Judge makes ruling anticipated  
early Nov



# Other Contract Carve Outs

<u>Contract</u>	<u>Status</u>	<u>Contractor</u>
Mail Order Pharmacy	Awarded work began Mar 03	X-Press Scripts
Global Overseas Remote	Awarded start work Oct 04	International SOS
TDEFIC*	Awarded start work 1 Apr 04	WPS, Inc
Retail Pharmacy*	Awarded start work 1 Apr 04	Express Scripts
NQMC	Awarded start work 21 Apr 04	Maximus Inc
Marketing & Education	Awarded Work began 29 Sept 03	CACI., Inc

\* Currently under protest



# Health Services & Support Contract Timeline

Regions	Current Regions	Start HC Delivery
North	Region 2/5 Region 1	1 Jul 04 1 Sept 04
South	Region 6 Region 3/4	1 Nov 04 1 Aug 04
West	Region 11 Regions 9/10/12 Region 7/8	1 Jun 04 1 Jul 04 1 Oct 04



# Differences Between Current and New Contract

- ✓ RFP less prescriptive & uses industry standards
- ✓ Provides incentives for quality of care and good customer services
- ✓ Performance Guarantee
- ✓ No retrospective Bid Price Adjustments
- ✓ Award Fee (Based on Customer Satisfaction)
- ✓ No Resource Sharing Thresholds/ No Resource Support



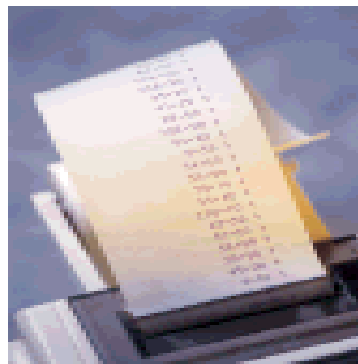
# Executing the Current Contract While Transitioning to New

- ✓ Bid Price Adjustment terms still in effect
  - Focus of new contracts is on optimizing the Direct Care system
  - However, adjustments in current contract made based on MTF Outpatient Visits and Non-Availability Statements
- ✓ Must meet **current** contract requirements
  - Including resource sharing threshold requirements
- ✓ Need balanced approach for transition
  - Minimize the impact to existing contracts while preparing the system for the business rules under new contracts



# Health Services/Support Contract Financial Model

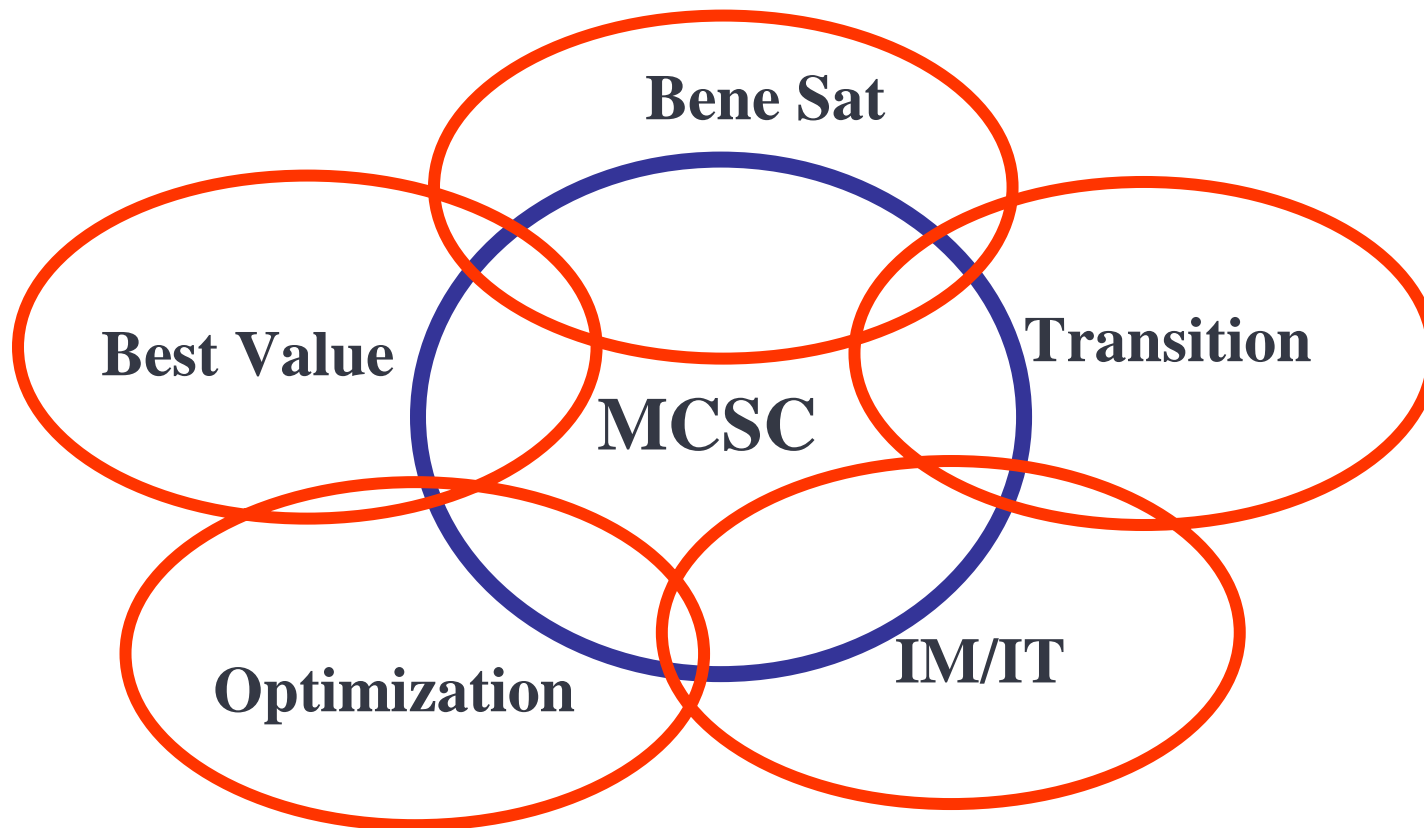
## Adding Up The Numbers







# New TRICARE Contract Principles





# Overall Financial Objectives of New Contracts

- ✓ Promote quality and customer satisfaction
- ✓ Improve operating efficiencies and cost predictability
- ✓ Better align incentives
- ✓ Build on TRICARE successes



# Health Care/Admin Contract Financial-- Overview

## Healthcare Costs

- ✓ Contractor and Government will share risk for healthcare costs
  - Risk sharing approximates level of underwriting in current contracts
- ✓ MTFs will be funded for the expected level of private sector costs for their enrollees
  - Revised Financing
  - Supplemental Care

## Administrative Costs

- ✓ All other services provided by the MCSS contractor (e.g. claims processing, beneficiary svcs, mgt etc)



# Financing -- Overview

## What & How We Pay the MCSS Contractor

### ➤ **Administrative Costs**

- ✓ Claims Processing
- ✓ Disease Management Programs
- ✓ Admin Services
- ✓ Award Incentives
- ✓ Performance Guarantees

### ➤ **Health Care Costs**

- ✓ MTF Enrollee Referrals
- ✓ Non-MTF Enrollee Referrals
- ✓ Underwriting Fee/Risk Sharing Payment





# Features of Financing Methodology

## Healthcare Cost Adjustments -- Risk Sharing

- ✓ Govt provided historical healthcare claims data for region (e.g., FY01) and projections of TRICARE eligibles
- ✓ Offeror proposes:
  - Target CHAMPUS healthcare costs for OP1 only (Target cost for OP 2 thru OP5 is negotiated)
  - Admin price for each OP
  - Underwriting fee and fee percentage for each OP
- ✓ After each OP, Govt compares actual healthcare claims in OP with target cost to determine underwriting fee & risk sharing:
  - Target costs adjusted for current year impacts (healthcare change orders)
  - Fee calculations based on all CHAMPUS eligibles (including MTF enrollees)
  - 80/20 (Govt/MCSC) risk sharing for deviations
  - Subject to min/max underwriting fee constraints
    - Min fee will be an amount equal to -4% of target cost
    - Max fee will be an amount equal to 10% of target cost





# Financial Methodology: Healthcare Pricing

- ✓ Healthcare target costs compared to actual claims cost to calculate contractor's realized fee
- ✓ Government and contractor share in gains and losses
  - 80% Government; 20 % contractor
- ✓ Contractor will start to lose fee if actual costs exceed negotiated target cost
  - Negative fee for large overruns



# Features of Financing Methodology

## Administrative Costs



### ✓ Admin pricing

- Claims processing will be paid on a fixed price per claim
- Disease management programs will be reimbursed on a cost basis
- TSC will be paid on a fixed price
- All other admin services will be reimbursed on a fixed price per eligible basis

### ✓ Admin performance incentives

- Government creates equivalent Award Pool, up to a max of 10%, for incentives for measures:
  - Beneficiary satisfaction
  - Regional Director satisfaction
  - Provider satisfaction
- Contractor proposes a performance guarantee for specific objective measures (such as phone response times, claims processing). 3% minimum required



# Example of Underwriting Risk Sharing

Based on an agreed to target annual health care cost of \$800 million, the Government pays the contractor for healthcare costs, and adjusts the Underwriting Fee as follows:

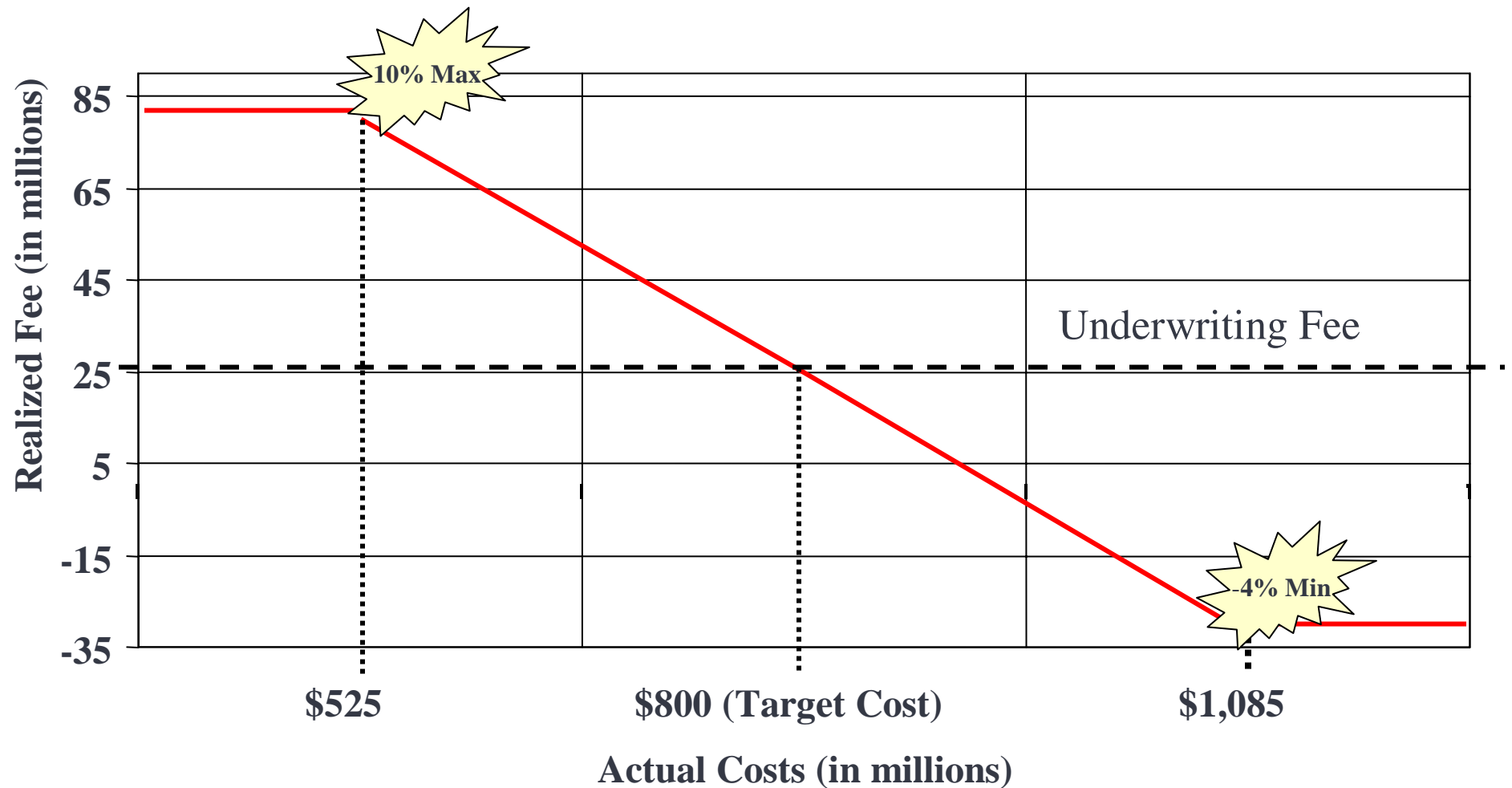
If Actual Healthcare Cost is	Government Pays Contractor (\$ millions)	Net Contractor Gain/Loss
\$800M (Target)	$\$800 + \$25 = \$825$	\$25M
\$750M	$\$750 + \$25 + .2(800-750) = \$785$	\$35M
\$700M	$\$700 + \$25 + .2(800-700) = \$745$	\$45M
\$825M	$\$825 + \$25 + .2(800-825) = \$845$	\$20M
\$950M	$\$950 + \$25 + .2(800-950) = \$945$	-\$5M





# Underwriting Continuum

Assuming \$800M Target Cost and \$25M Underwriting Fee





## How Model Works for OP2

- ✓ For OP2, target cost will be negotiated during OP1:
  - Process starts 3-4 months prior to exercising next OP
  - Target cost is determined by considering incurred costs and estimating costs for the next period
  - Government and contractor negotiate and agree to target for next period
  - If agreement cannot be reached 30 days before the start of performance of the next period, the trend factor formula will be used to set target cost for the next period



# Trend Factor Formula

- ✓ Formula sets target cost retrospectively at the conclusion of the OP
- ✓ Target cost equals the actual cost from the prior OP multiplied by the national TRICARE trend experience in the current year
- ✓ Target fee will be proposed by offeror at time of award
- ✓ Determination of realized fee for OPs will be done by comparing actual costs in OPs with target cost



# Trend Factor Formula

## Example:

For OP3, target cost will be equal to costs in region in OP2 multiplied by national trend from OP2 to OP3.

Regional Cost	National Cost				Target Cost in
OP2	OP2	OP3	% Trend		Region for OP3
\$725M	\$3,500M	\$3,850M	10%		$\$725 \times 1.1 = \$797.5M$



# Summary of Model

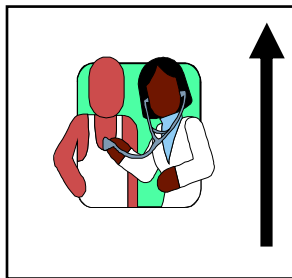
## ✓ Model Should:

- Provide strong customer service incentives
- Provide stronger incentives for contractor to use MTFs (no MTF BPA, no “O” factor)
- Provide cost control incentives for MTFs due to revised financing and risk sharing
- Provide cost control incentives for contractors (risk sharing)
- Improve budget predictability (simpler and quicker adjustments)
- Reduce complexity
- Eliminate most healthcare change order negotiations
- Accommodate TFL and accrual funding

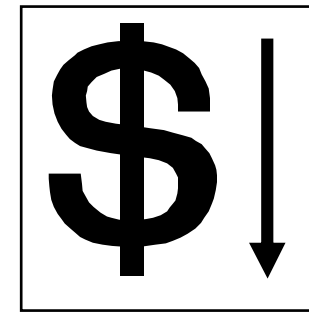


# Summary of New Contracts

Scenario 1:



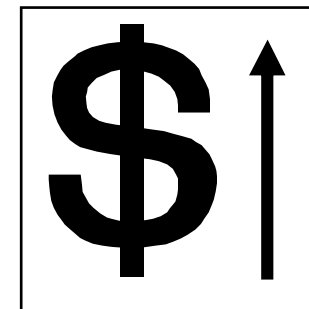
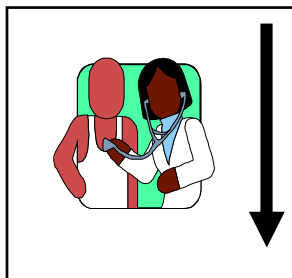
**MTF**



**Healthcare Cost**



Scenario 2:





# Financial Effect on the MTF

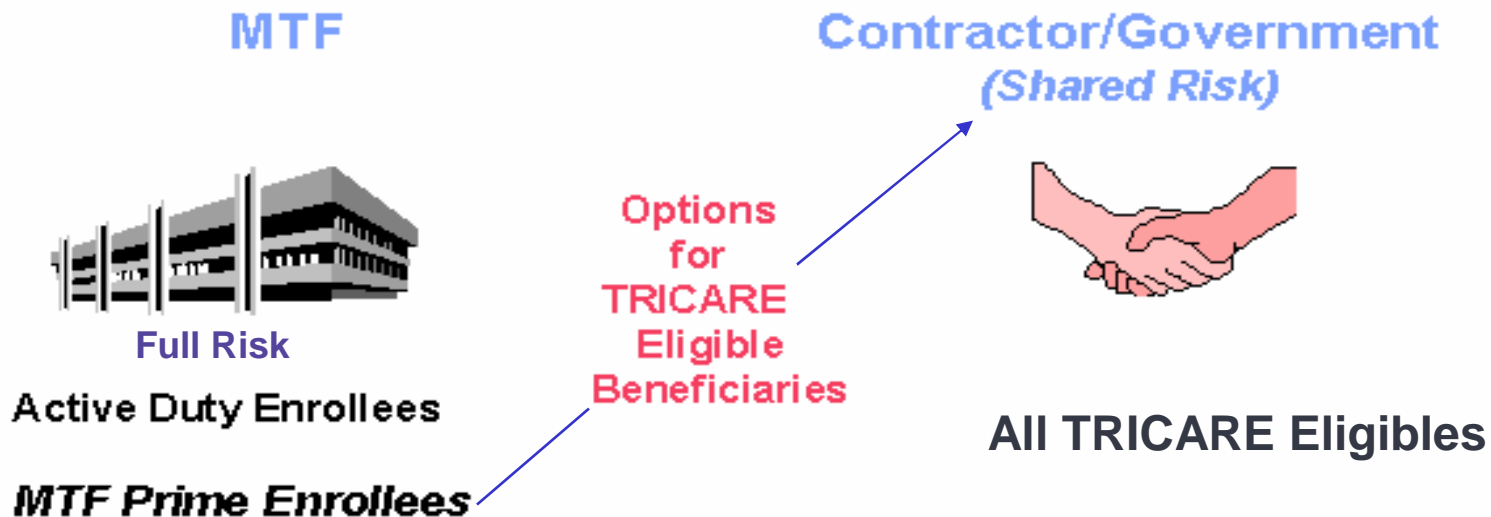


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# Financial Effect on the MTF

## Realignment of Risk



### Goals:

- *Manage MTF enrollee care*
- *Maintain overall MTF-MCSS partnership as all TRICARE eligible healthcare costs are included in MCSS underwritten costs*
- *Benefit from the impacts of management decisions*





# Financial Effect on the MTF

- ✓ Financing for MTF Prime Enrollees
  - MTFs will have funding to manage their Prime enrollee health care purchased downtown
    - Includes both AD and CHAMPUS enrollees
      - Revised Financing
      - Supplemental Care
  - Excludes Retail and Mail Order pharmacy

## Goals:

- ☐ *Provide incentives for MTFs to maximize their capacity*
- ☐ *Provide management and cost control incentives for managing MTF enrollee healthcare*
- ☐ *Improve the 'real-time' cost impacts of management decisions*



# Financial Effect on the MTF

## “Key Concepts”

- ✓ MTFs are not claims adjudicators
  - Claims have already been processed through contractor's system
  - Also, edit checks are performed at TMA-Aurora
- ✓ Services have agreed that they will provide instructions to their MTFs to pay all invoices
  - Any discrepancies identified will be researched and a credit will be issued if favorable to the MTF



# Financial Effect on the MTF

## “Claims Adjudication Contractor Process”

- ✓ Ensures all claims are processed in a timely manner
- ✓ Government funds are expended only for services/supplies authorized by law/regulation
- The patient is eligible
- The provider is authorized under TRICARE
- The service is a benefit
- The claim contains sufficient information



# Financial Effect on the MTF

## “TMA Edit System Checks”

- ✓ Relies on contractor submitted data (TEDS)
  - Account for expenditure of government funds
  - Statistical information
- ✓ Processes data received from the contractor through the TMA editing system
  - Validity edits
  - Relational edits
- ✓ Rejected records are sent back to the MCSC for correction and resubmission

# Financial Effect on the MTF

## “Funds Distribution”



Appropriation



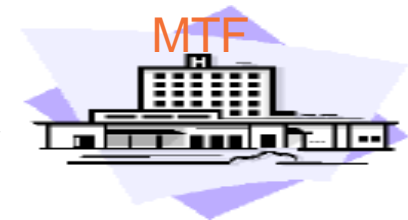
Apportionment



Allocation



Distribution





# Financial Effect on the MTF

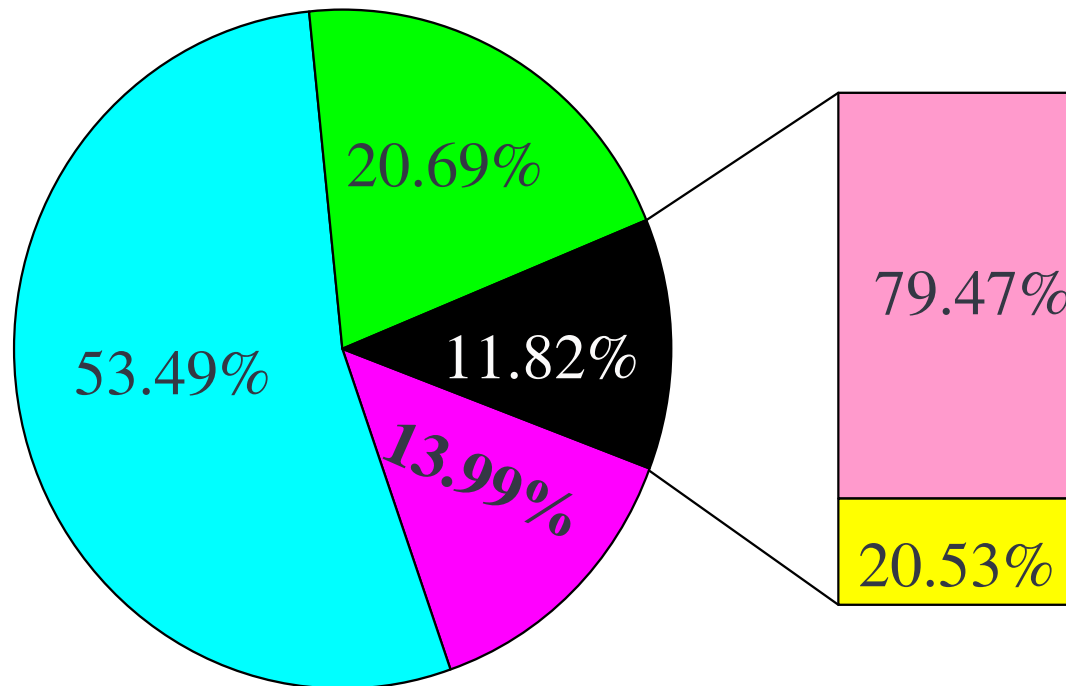
## “Funding Allocation Methodology”

- ✓ Start with historic PSC costs for enrollees and add inflation (FY04= FY02 costs +10% inflationX2)
- ✓ These funds will be distributed to the Services in FY funding
- ✓ FY04 allocations will be pro-rated based on the start dates of the new contracts
- ✓ Regions 1, 2 & 5 for FY04 will receive their RF funding based on the following:
  - Current contract FY04 funding includes pharmacy (Region1 –Sept 04 & 2/5-Jul 04)
  - New contracts above methodology applies



# Financial Effect on the MTF

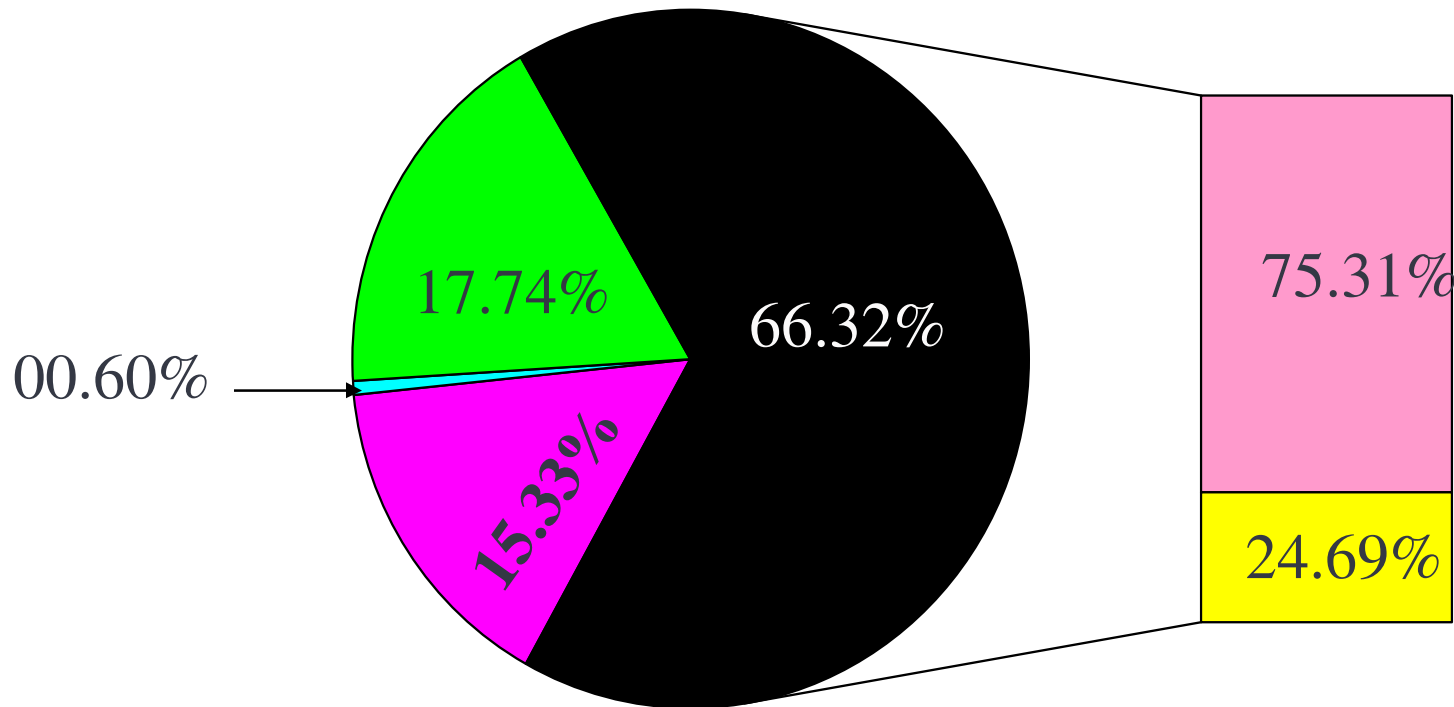
## “FY04 PSC Budget Activity Group”



Pharmacy	MCSC	Other PSC
Aurora HC & Adm	Enrollee Health Care	New Contracts



## Financial Effect on the MTF FY05 PSC Budget Activity Group



 Pharmacy	 MCSC	 Other PSC
 Aurora HC & Adm	 Enrollee Health Care	 New Contracts



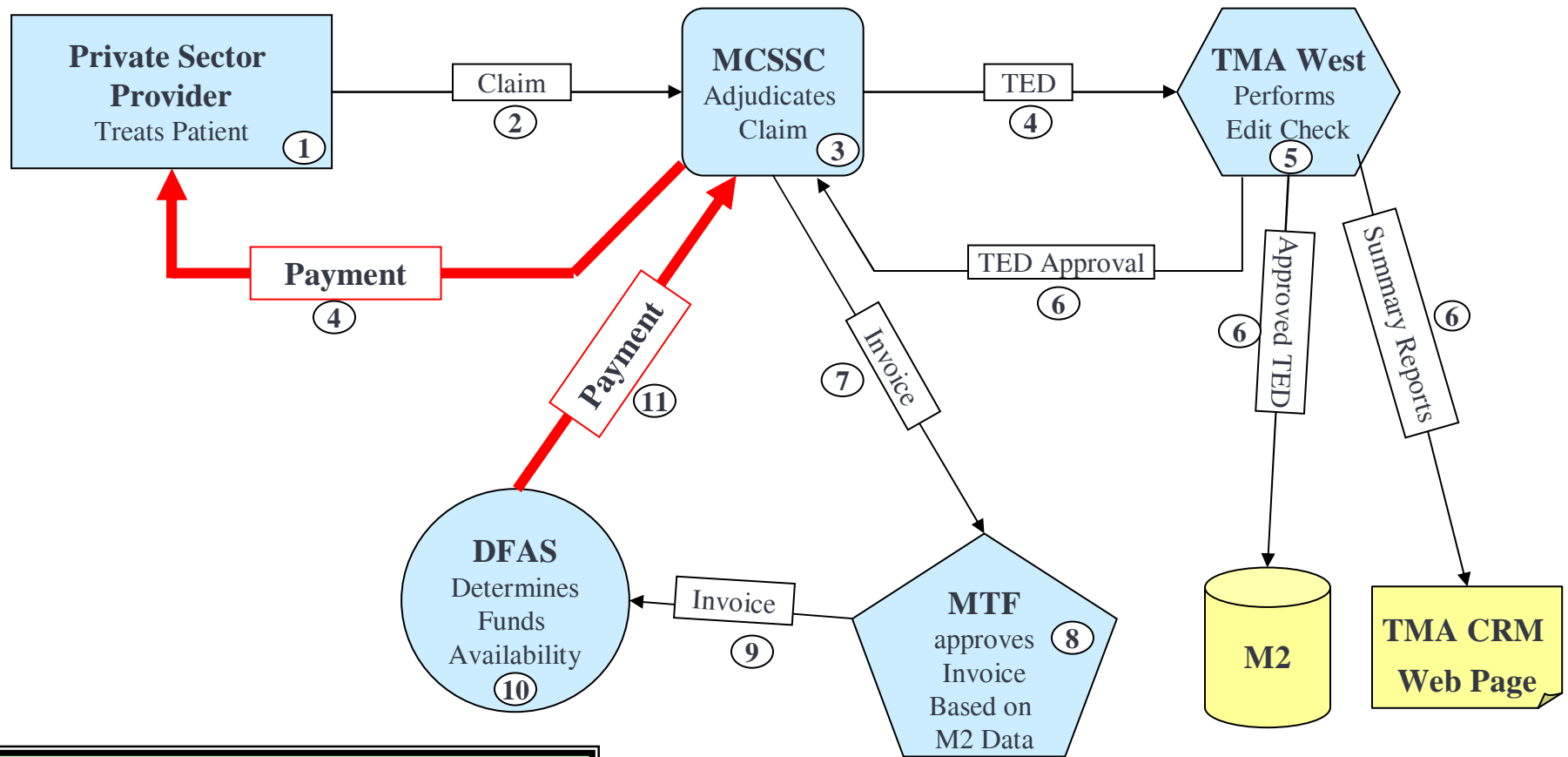


## Financial Effect on the MTF “Funding Distribution”

	<u>FY04</u>	<u>FY05</u>
Army	\$63.0M	\$459.7M
Navy	\$50.6M	\$369.6M
AF	<u>\$95.7M</u>	<u>\$696.8M</u>
	<b>\$209.3M</b>	<b>\$1.52B</b>



# Funds Flow: MTF Enrollees as in RFP

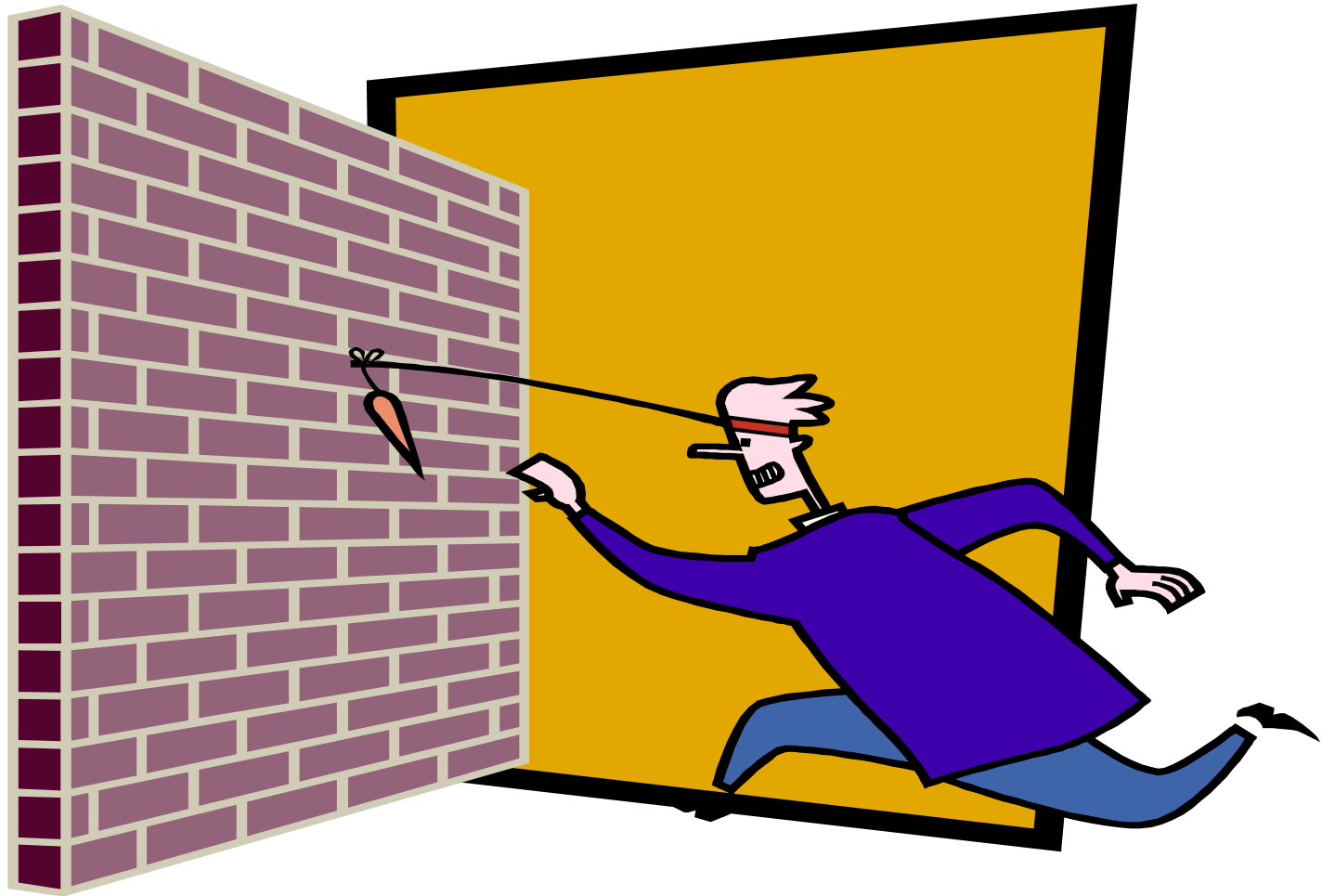


**Funds:** Revised Financing & Supplemental Care  
**Account Holder:** MTFs

DFAS: Defense Finance & Accounting Service



# Not So Fast!!!!





# Financial Effect on the MTF

## “New Payment Plan”

- ✓ ASD(HA) expressed his concern regarding the complexity of revised financing invoicing--Apr 03
- ✓ TMA-RM tasked to look at streamlining the process while maintaining the Services objectives:
  - Align financial responsibility with authority; MTF have funds
  - MTF accountable to manage entire spectrum of healthcare for their enrolled population
  - Tighten the linkage between performance and financial impacts
- ✓ Worked with Service RMs to develop simplified process



# Financial Effect on the MTF

## “New Payment Plan”

- ✓ **Claims will be paid centrally at TMA details of process still being worked**
  - MTFs will provide authority to TMA to pay enrollee care claims
  - All claims paid in two to three business days
  - Uses new E commerce techniques
  - MTF commander's will remain financially responsible for enrollee care
  - Accommodates MTF business plans and data flow and reporting as planned

### **Goals:**

- ☐ *Provide incentives for MTFs to maximize their capacity*
- ☐ *Provide management and cost control incentives for managing MTF enrollee healthcare*
- ☐ *Improve the ‘real-time’ cost impacts of management decisions*



# Financial Effect on the MTF

## “New Payment Plan”

- ✓ Establish central Service CLINs for revised financing and supplemental care on each contract
  - 8 CLINS per contract
  - Obligate dollars quarterly or semi-annually
- ✓ Services through Purchase Requests establish the obligation amounts for the Services' CLINs
- ✓ TMA/CRM pays claims to reimburse the contractors and creates Service level accounts receivable at the CLIN level

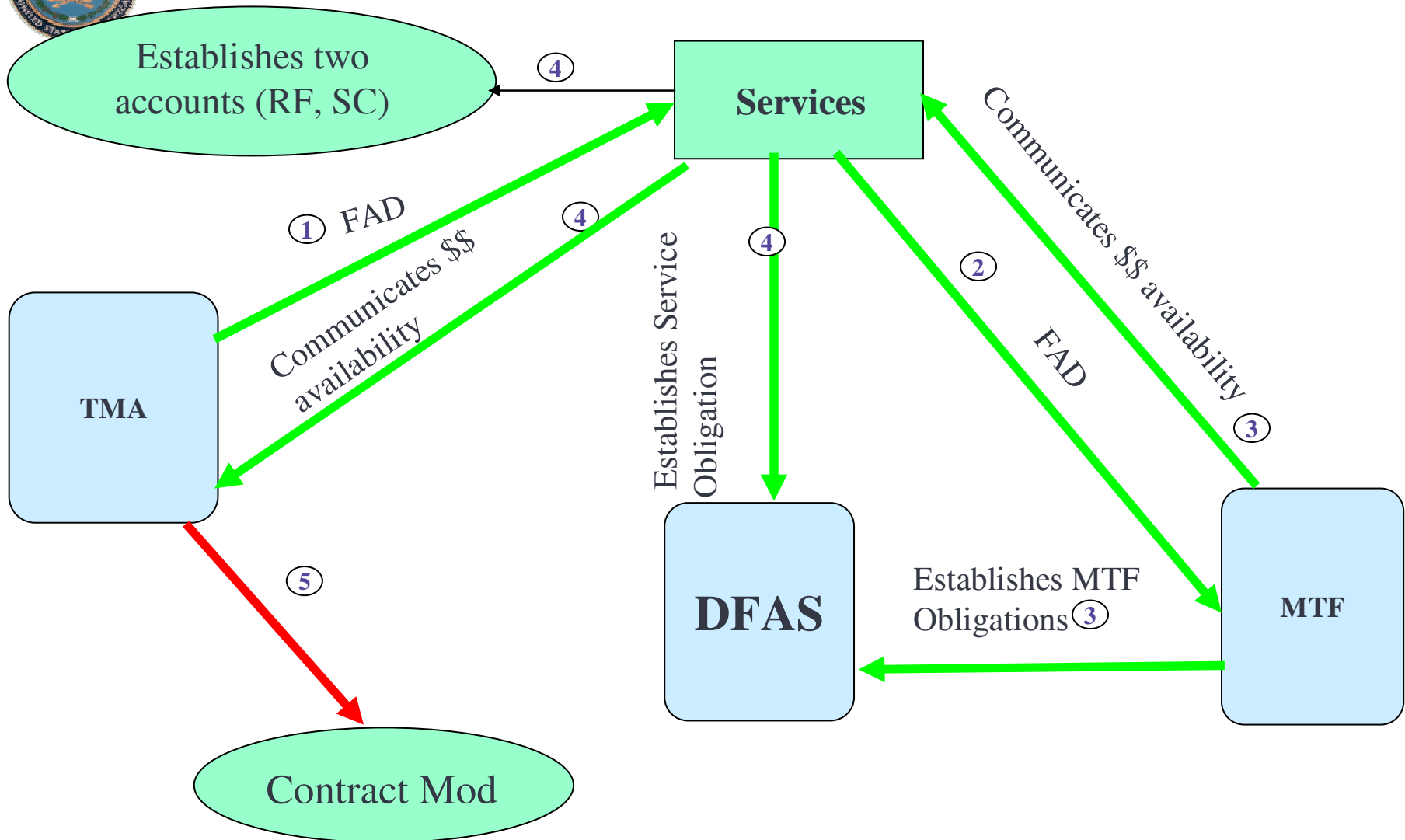


# Financial Effect on the MTF

## “New Payment Plan”

- ✓ TMA sends a cost transfer which requires payment from the Services to clear the accounts receivable created on their behalf
  - Financial data available daily on the CRM website
  - Creation of MTF-level 1080 forms to support summary data
- ✓ Acceptance of the cost transfer results in payments from the Services' accounts and the clearing of the accounts receivable at TMA/CRM
  - Monthly process
- ✓ The Service's replicate this process sending cost transfers down to the MTFs where the expense shows in the accounting system

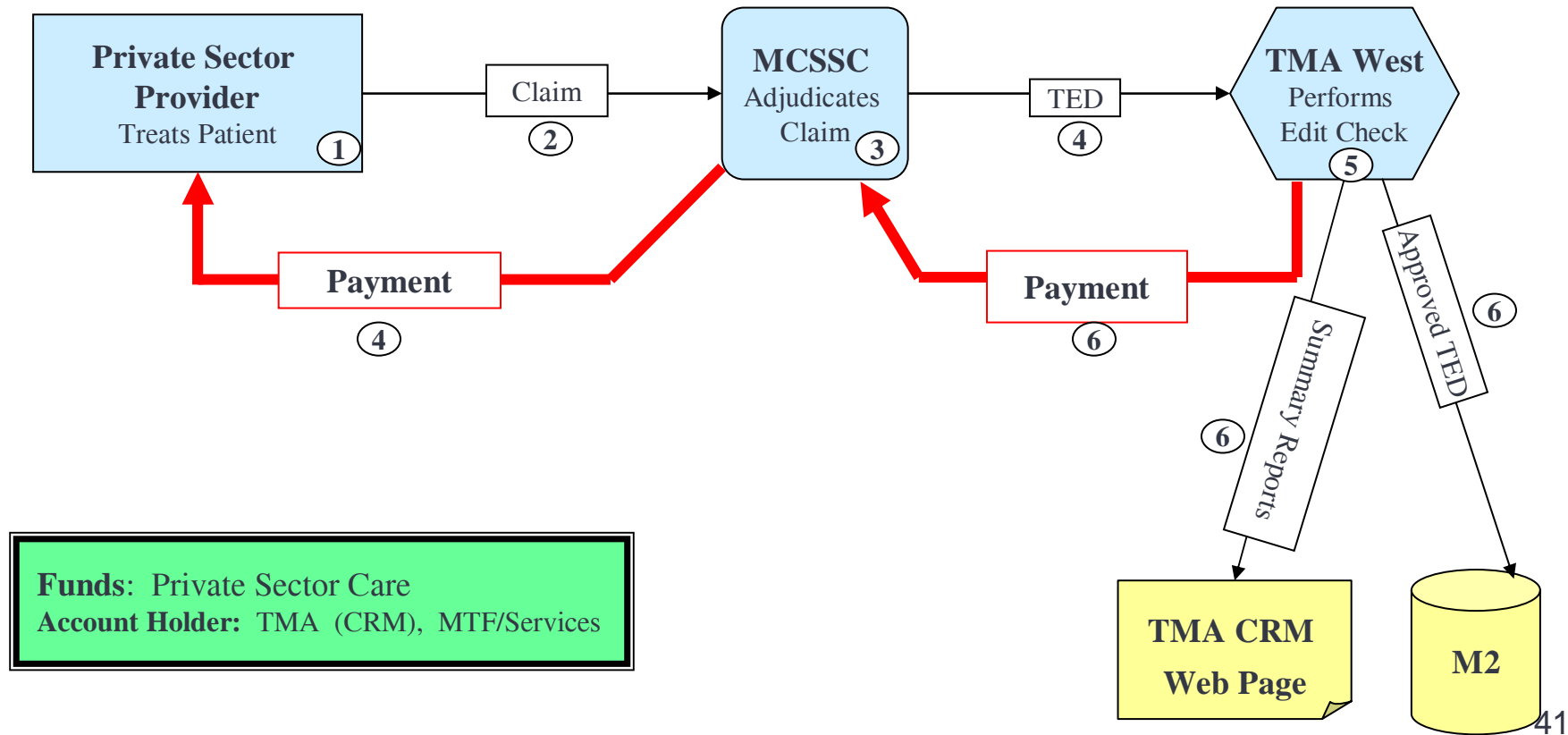
# Step 1: Establishing Accounts for TMA Centralized Payment







# Claims Payment Process





## Step 3: Monthly Reimbursement Process

### ✓ Part A: Service reimburses TMA

- TMA forwards a reimbursable expense document to Services through DFAS
- One point of contact for each Service
- DFAS pulls reimbursement from Service account
- Clears account receivable at TMA
- MTF-level 1080 forms produced and available

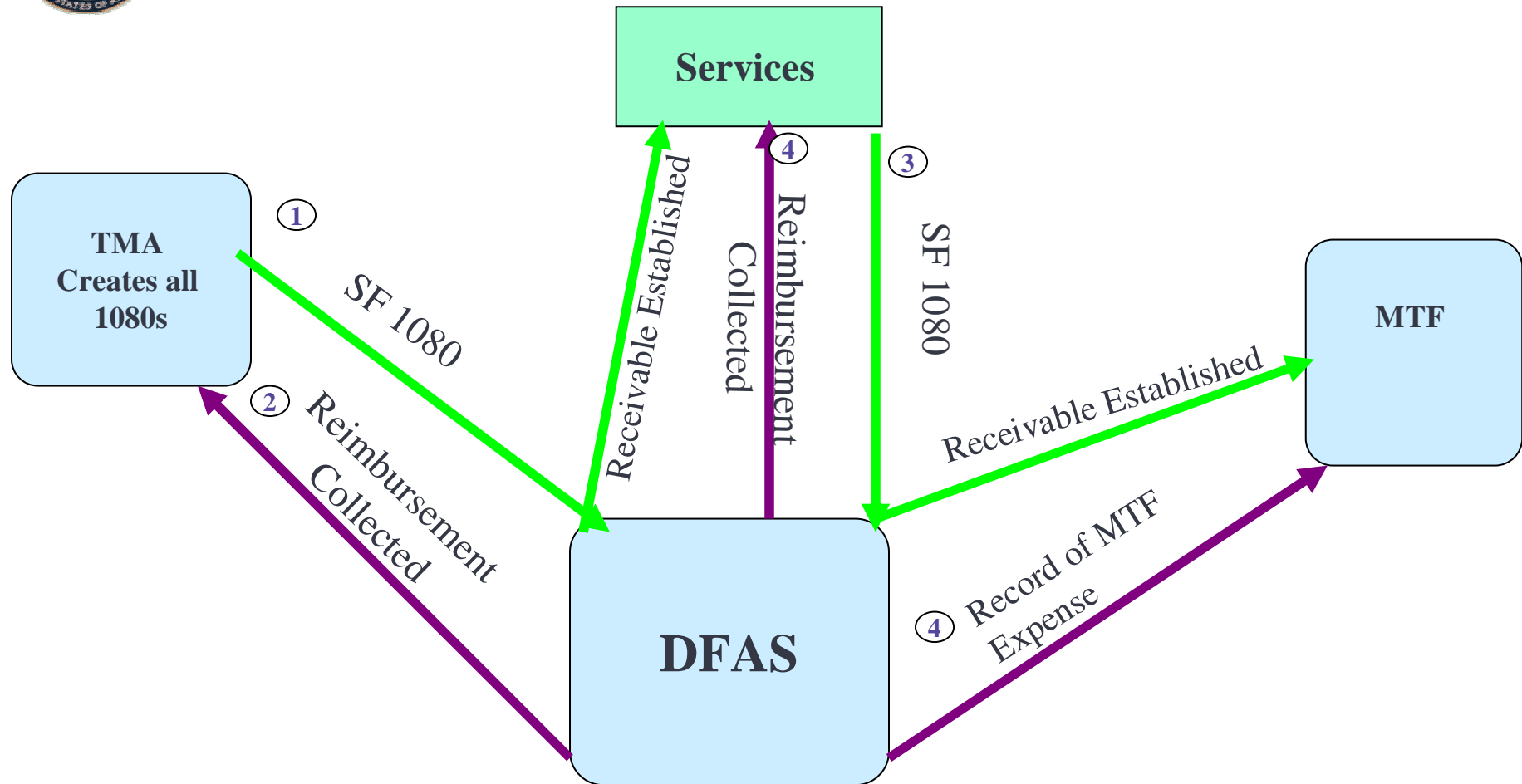
### ✓ Part B: MTF reimburses Service

- Services forward reimbursable expense document to each MTF through DFAS
- DFAS pulls reimbursement from the MTF account
- Transaction entered into MTF accounting system clearing account receivable at Service



# Phase 3: Monthly Reimbursement Process

(TMA Creates All 1080s)





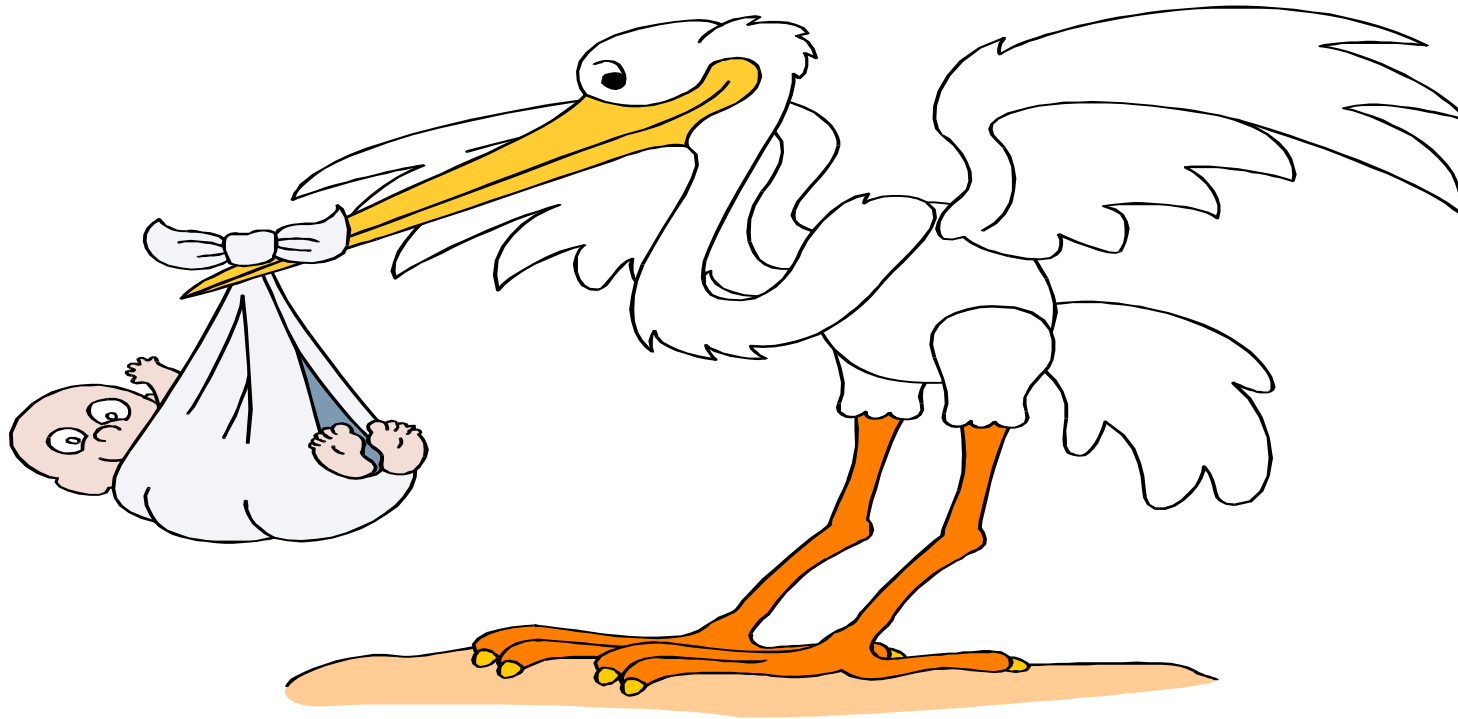
# Financial Effect on the MTF

## “Next Steps”

- ✓ Modify the contract to reflect new change
- ✓ Develop business process rules with the Services week of 17 Nov 03
- ✓ Educate folks on the new process



# Newborn Claims





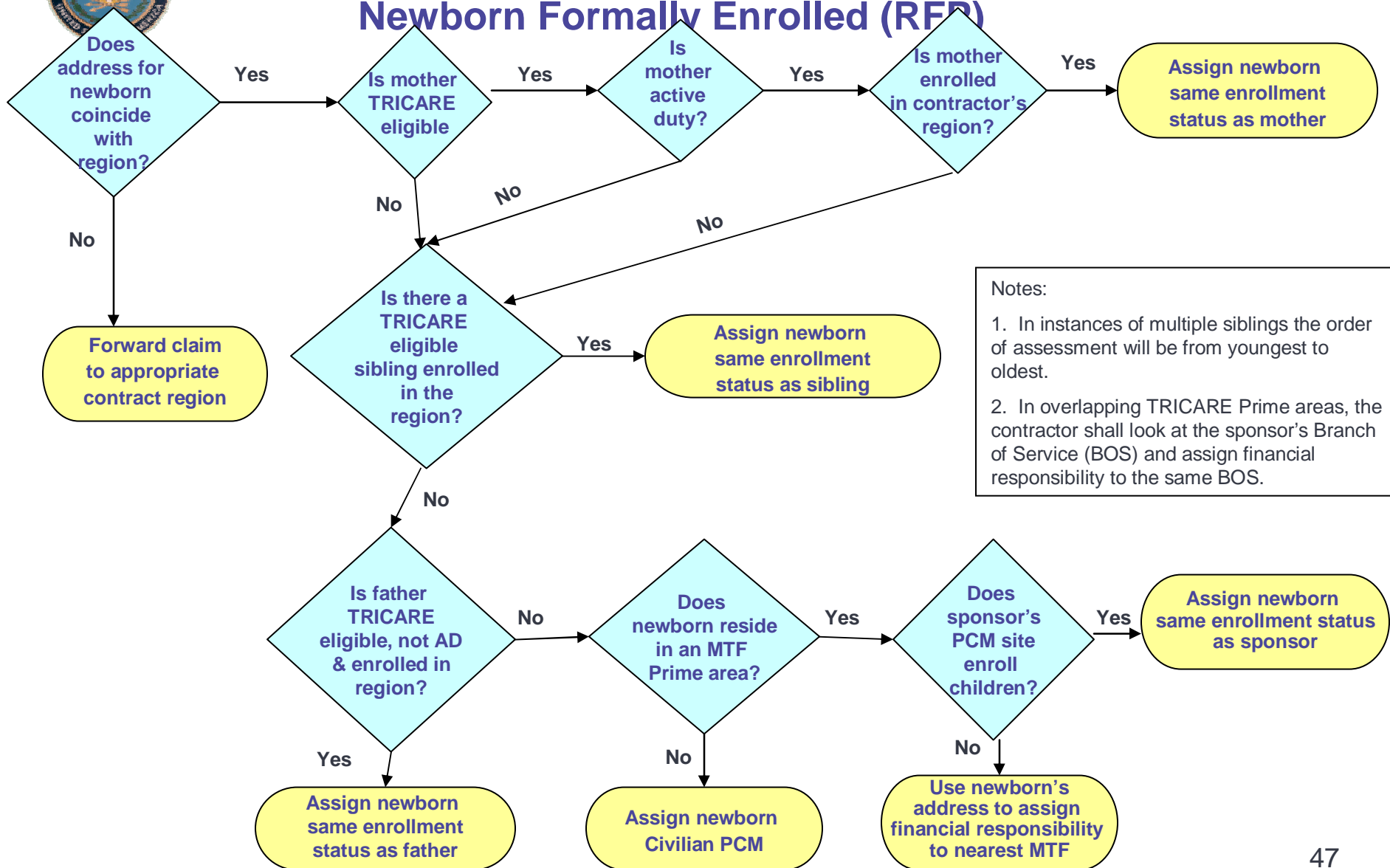
# Financial Effect on the MTF

## Background

- ✓ Current policy states any newborn who has a family member enrolled in Prime is “deemed” Prime for 120 days (AD included)
  - These newborns do not have to follow rules of Prime until formally enrolled, have no PCM, and pay no copays even for non-network care
  - Once newborn formally enrolled Prime rules apply
- ✓ Under revised financing today (Reg 1,2&5) TMA developed algorithm for financial assignment of newborns due to contract risk assignment
- ✓ RFP adopted the same newborn financial assignment rules; however all newborn costs will be included in underwritten HC costs—no need for risk assignment
- ✓ Algorithm applies only for claims assignment; does not affect where newborn gets care because not formally enrolled



## Processing of Newborn Claims For Those Eligible for the 120 Day Prime Enrollment Benefit or until Newborn Formally Enrolled (RFD)





# Financial Effect on the MTF

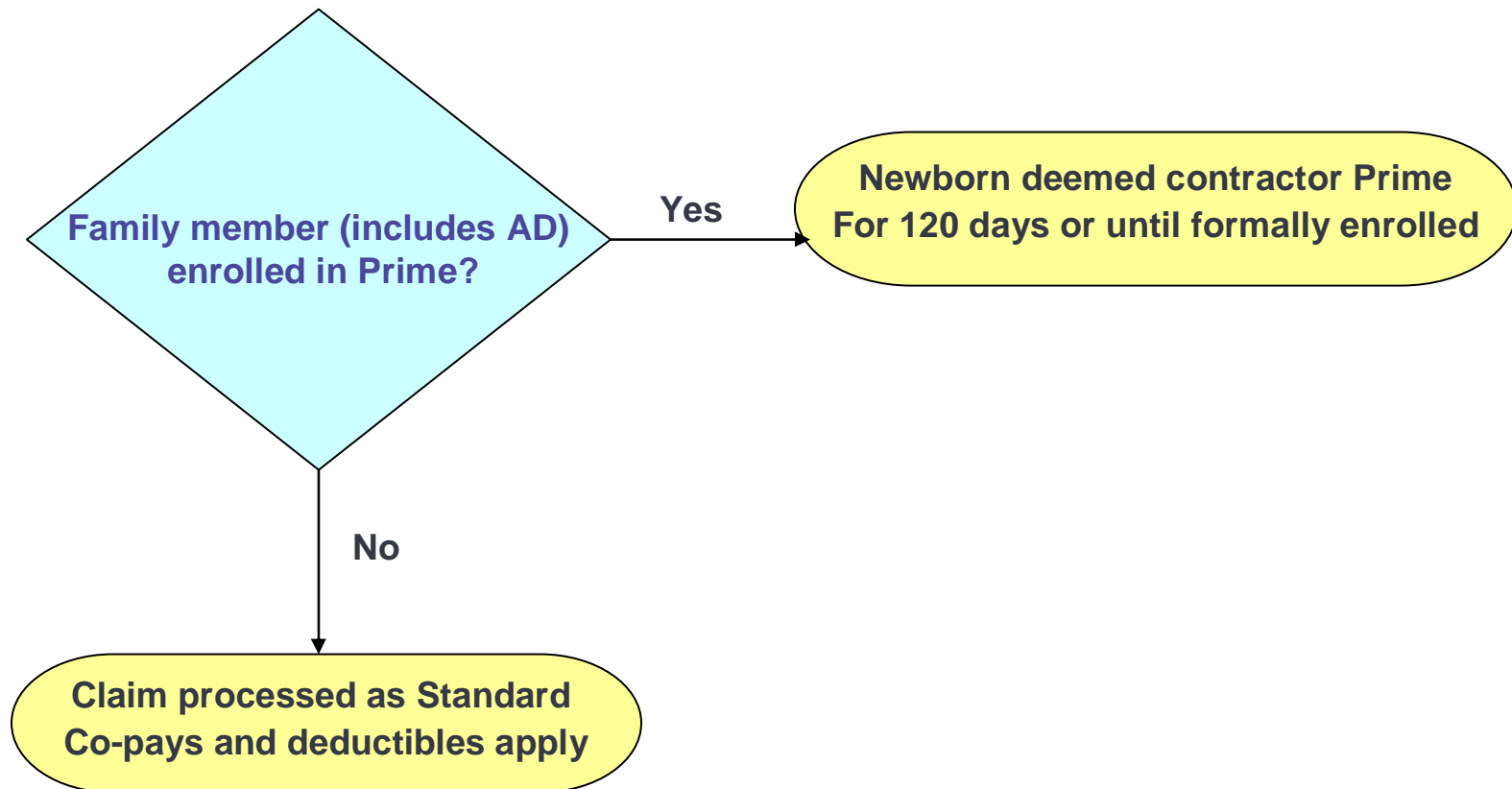
## “Proposed Change”

- ✓ Modify the T-Nex contract to:
  - Treat all newborns from a claims assignment perspective as civilian Prime until formally enrolled**
- ✓ Claims for this 120 day period or until formal enrollment would be paid out of the central TMA account
  - Like all other civilian Prime enrollees
- ✓ Eliminates the need for complicated algorithm
- ✓ Supports revised financing principles once newborn is formally enrolled; claims payment follows enrollment
- ✓ Win-Win: avoids contractor-MTF disputes and simplifies claims processing and revised financing





## Proposed Processing of Newborn Claims For Those Eligible for the 120 Day Prime Enrollment Benefit or until Newborn Formally Enrolled



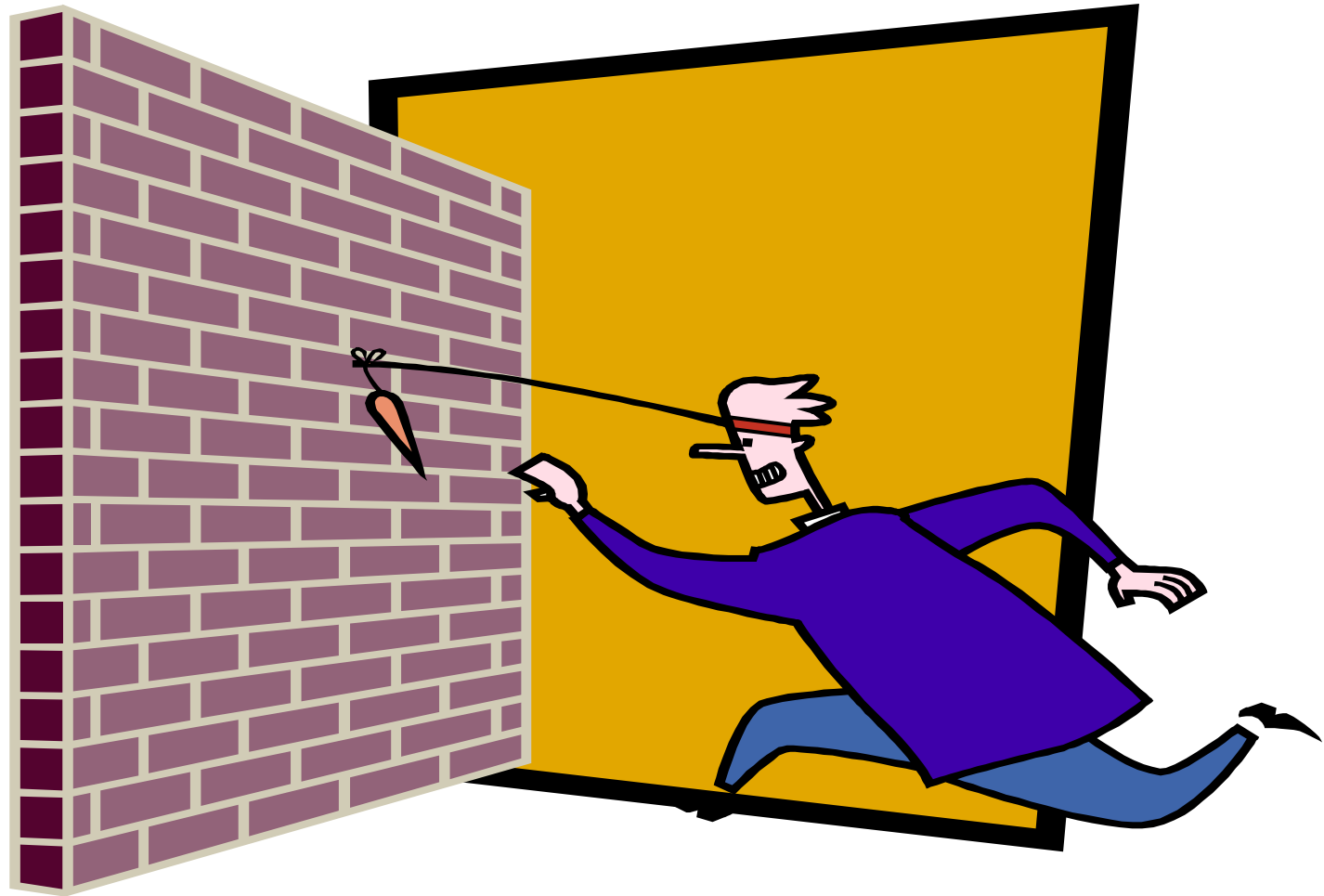


## Financial Effect on the MTF “Piece Not to be Overlooked”

- ✓ Retail & Mail order pharmacy are carve outs and will be paid centrally at TMA
  - Accounts for over 20% of enrollee purchased care
- ✓ MTFs are still responsible for total enrollee costs
- ✓ How Services apportion pharmacy costs to their MTFs is their call
- ✓ Reports will be available on the RM webpage



# Not So Fast!!!!





## Financial Effect on the MTF “New Appropriations Language”

“The conferees remain concerned regarding the transfer of funds from DoD military medical treatment facilities (MTFs) to pay for contractor-provided medical care. To limit such transfers within the Defense Health Program operation and maintenance account, the conferees have included bill language designating Private Sector Care under the TRICARE program as a separate sub-appropriation within the Defense Health Program. Any transfer of funds into or out of the Private Sector Care sub-appropriation will require the Department of Defense to follow prior approval reprogramming procedures.”



# Financial Effect on the MTF

## “ Appropriations Language Impact”

- ✓ MTFs **cannot** legally use RF funds to pay for local requirements or investments.
  - Incentive for MTFs to retain workload in-house removed
  - Likely to increase direct care costs due to loss of funding source for optimizing MTF care
- ✓ RF funds can **only** pay for the cost of contracts entered into under the TRICARE program
  - Resource Sharing
- ✓ PSC costs likely to be greater than TRICARE contractors expected when they prepared their bids
  - Possible grounds for contractors to file REA



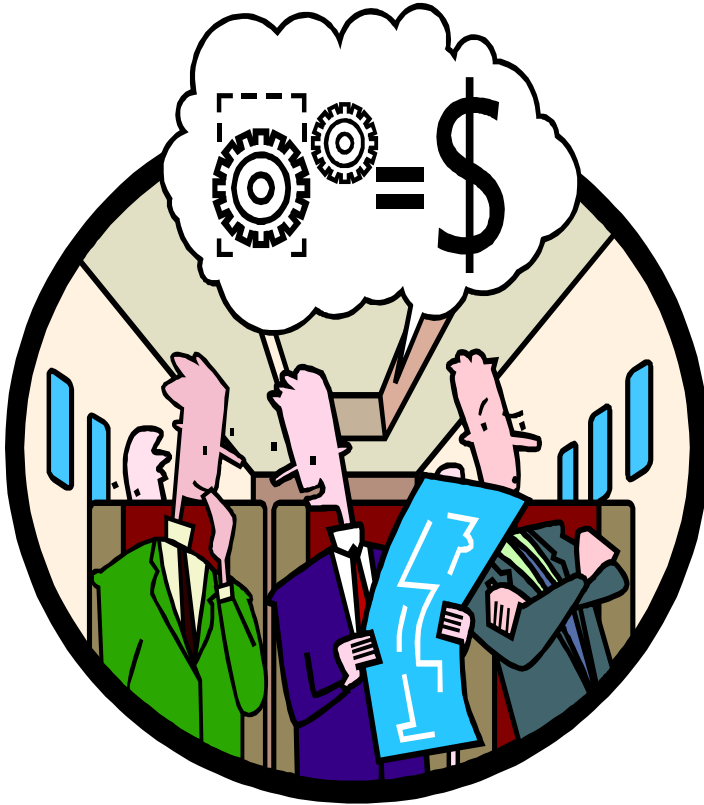
# Financial Effect on the MTF

## “Appropriations Language Impact”

- ✓ Many discussions taking place regarding the impact of this new change
- ✓ Affects 4 months of RF under new contracts for FY04
- ✓ Reprogramming action being explored
- ✓ Keep ears open for Service guidance



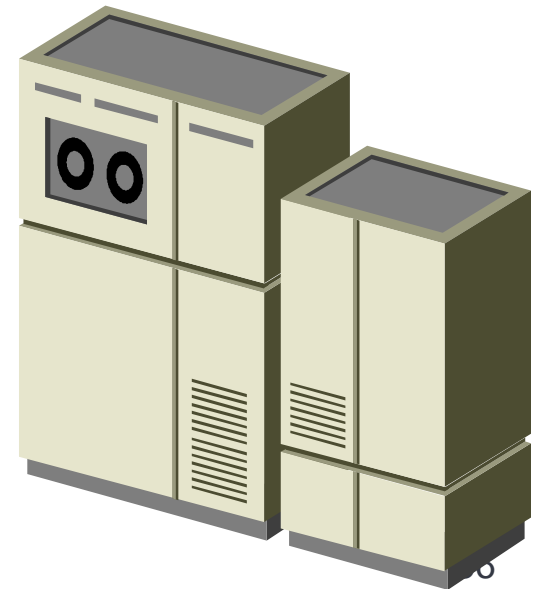
# Reporting Features





# Financial Effect on the MTF CRM Reporting Process

- CRM will post daily transactions to the PSC website
- Reporting will be similar to that done for AD supplemental Care
- Daily transaction balances will be available like e-banking

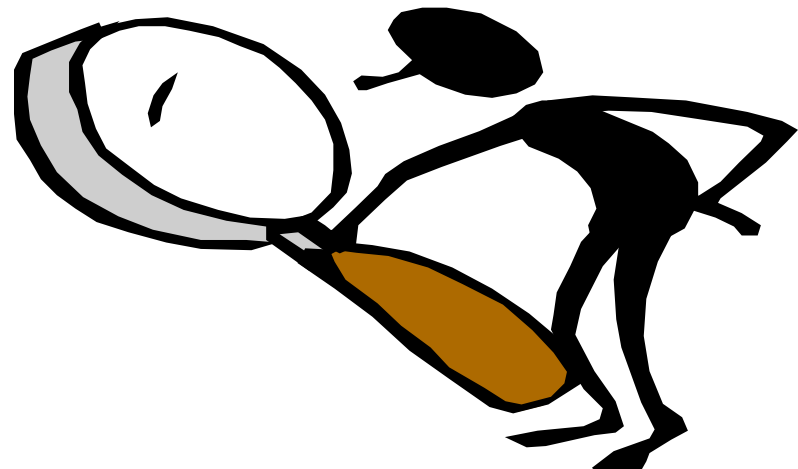
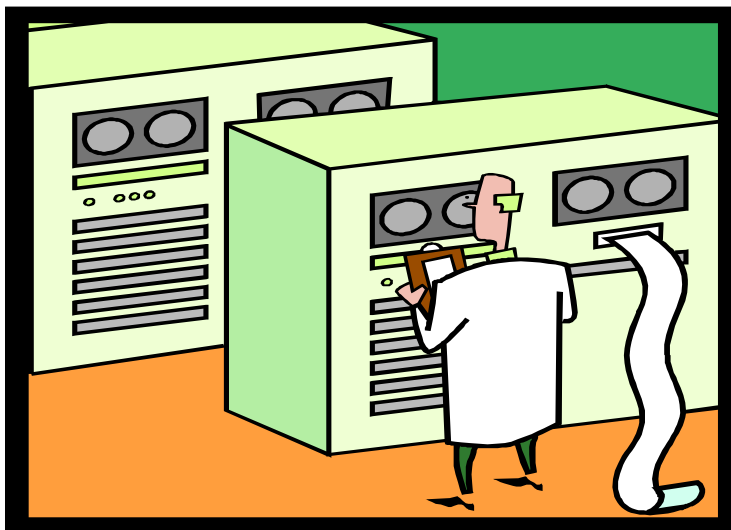






# Financial Effect on the MTF “Monthly Detailed TED Data”

- All TED details will be available for data analysis on a MHS central system (M2)
  - Must have access to M2
- Reports will be created for MTF “quick” viewing
- All levels within MHS available to customize reports to fit own specific needs



# What's Available Today?



- ✓ Web-based tool to provide MTFs with visibility to the purchased care costs for their TRICARE eligible enrollees excluding pharmacy
  - Data is compiled on paid claims costs using the MHS Data Mart (M2) by Enrollment Site
  - Reports are detailed at the MTF/MDC /Provider specialty code level
  - Reports will be updated on a monthly basis to coincide with the monthly M2 updates
- ✓ Available now on the RM/PSCR&I website:  
[http://www.tricare.osd.mil/ebc/secure2/fai\\_documents\\_reg\\_01.cfm](http://www.tricare.osd.mil/ebc/secure2/fai_documents_reg_01.cfm)
- ✓ Active Duty Supplemental Care information available on the CRM website contact [carlton.jeffcoat@tma.osd.mil](mailto:carlton.jeffcoat@tma.osd.mil) for a password



# Financial Effect on the MTF Summary



- ✓ **Strong MTF Commander involvement**
  - Optimizing MTF
  - Maximizing care to MTF enrollees and Non-MTF enrollees in market area
- ✓ **Strong MTF referral screening program**
  - Understanding what is 'leaking out'
  - Appointment template management
- ✓ **Partnering with the MCSS Contractor**
  - Business initiatives



# Resource Sharing/ Local Support

What's Changing???



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# AGENDA

- ✓ Resource Sharing
  - Transition
  - New Contracts
  - AppropriationLanguage Impact
- ✓ Local Support Contracts Overview



*WHAT CAN I DO NOW?*



# Resource Sharing Transition

- ✓ All **Current** Resource Sharing Agreements(RSA) expire when the current MCS contracts end
- ✓ RS is still a viable option under the current contracts; need to maintain current RS thresholds
- ✓ Goal to provide category 8 funds to Services 6 months prior to start of healthcare delivery
  - FY04 PSC shortfall and new Appropriations language have impacted this



# Resource Sharing Funding Requirements

	FY04	FY05
<b>Army</b>	\$15.1M	\$89.5M
<b>Navy</b>	\$25.0M	\$102.0M
<b>Air Force</b>	\$9.4M	\$86.8M
<b>Total</b>	\$49.5M	\$277.3M

Based on Jun 02 data call  
FY04 Phased with T-Nex start dates 63



# Resource Sharing Transition

- ✓ Conversions should support your business plan
  - Most cost effective?
  - Key for readiness or GME?
  - Geographic location?
- ✓ Doesn't necessarily mean buy all of the same agreements
- ✓ Decision on conversion vehicle
- ✓ Develop statement of work/position descriptions
- ✓ Ensure have enough lead time to make conversions happen
- ✓ Work with "others" to ensure smooth conversion





# Resource Sharing Transition

- ✓ Services have submitted RS transition plans that identify funding phasing plan
- ✓ These transition plans address:
  - Agreements for conversion
  - Approach used to validate cost effectiveness
  - Phasing plan for funding
  - Contingency plan if not able to convert all existing agreements using various contract options
- ✓ RM and Services have agreed to monitor LOE using the new budget “earned value of care” measure being developed by HPA&E



# New TRICARE Contracts

## Resource Sharing

- ✓ Section H.4a of the RFP states:
  - Resource Sharing is an alternative means of satisfying the purchased care needs of non TRICARE/Medicare dual eligible TRICARE beneficiaries and is a tool that maybe used by the parties to reduce purchased care and overall underwritten expenditures.
  - All RS agreements shall be cost effective to the Govt & contractor
  - RS is primarily intended to provide care to underwritten TRICARE beneficiaries, when a RS asset provides care to a non-underwritten beneficiary (AD or Medicare eligible) the cost of providing that care is included in the underwritten costs for fee determination
  - Any allowable RS expenditure will be reimbursed and will count as actual underwritten healthcare costs



# New TRICARE Contracts Resource Sharing

- ✓ Resource sharing is an option to reduce purchased care and overall underwritten healthcare costs
  - Used as an alternative to direct contracting
    - As a mechanism for new initiatives
    - As a substitute for converting current RS agreements
- ✓ MTF and contractor will determine the terms of the agreement through delivery orders under an MOU ( RS agreements not part of HS&SC)
  - MTF will use O&M funds to pay for these initiatives
  - MTF will have to use another vehicle to make payments
- ✓ Agreements will be routed through TROs for approval



# New TRICARE Contracts

## Resource Sharing

- ✓ Workload no longer a factor in determining contractor payments
- ✓ Contractor required to submit a RS plan to identify new opportunities
- ✓ MTF & contractor must ensure that the agreements are cost effective
  - Contractor concerned about actual OP1 healthcare target converting current agreements may not be to their advantage depending on Bid makeup
    - Govt told contractors to make an independent assessment of the value of existing RS when putting together their proposal
- ✓ MTFs should be prepared to discuss RS with the new contractor at their transition meeting



# New TRICARE Contracts Resource Sharing Benefits

- ✓ Designed to mirror other procurement options (e.g. GS hire, local contract, )
- ✓ No minimum dollar thresholds required
- ✓ Maybe be easier/faster procurement vehicle
- ✓ All options being cost equivalent; RS still better because contractor share 20 % risk



# Local Support Contracts Financial Status

**Appointing**

**HEAR**

**Healthcare Information  
Line (HCIL)**

**Utilization Management  
(UM)**

**Transcription Services**





# Local Support Carve Outs

- ✓ Services unique to particular regions..... not a standard item in the contracts.
- ✓ These services are inclusive in the Adm portion of the current contracts
  - Bids not constructed with Individual Contract Line Item Numbers (CLINS) which would identify each individual carve out costs.
  - IGCE developed from bids that have existing carve out functions



# Local Support Contracts Financial Status

- ✓ **Only** dollars for services currently being provided by the MCSC will be given to the Services for MTFs to perform these functions
- ✓ Local Support Workgroup has determined that appointing and resource sharing are the top priorities
- ✓ Services will work with MTFs to determine funding allocations





# Local Support Carve Outs

- ✓ Local Support Workgroup recommendations
  - Split Appointing funds based on FY02 workload done by MCSC in affected regions
  - HEAR, HCIL, UM propose to split by proportion of enrollees by Service in each CONUS region
- ✓ Since contract award LS workgroup evaluating contractor's offer to determine UM services offered
- ✓ Telephony Infrastructure major concern under current funding allocation



# Appointing Services

- ✓ Use National Task Order Contract
  - Designed to accommodate a range from one Appointment Clerk to a complete Call Center
  - Procurement support provided by Army MEDCOM Health Care Administration Activity
  - MTF Appointing only: Does NOT include Network Appointing
- ✓ Not mandatory to use



# Local Support Funding

	FY04	FY05
Army	\$6.3M	\$31.7M
Air Force	\$4.5M	\$21.5M
Navy	<u>\$5.8M</u>	<u>\$27.9M</u>
	\$16.6M	\$81.1M

Resource Sharing not Included in these Numbers  
FY04 Prorated based on T-Nex contract start date



# Local Support Contracts

- ✓ Contracting alternatives are:
  - Navy - MATO Personal Services Contracts
  - VA - GSA Federal Supply Schedule
  - Army - Innovative Medical Acquisition Program (iMAP)
  - AF – Personal/non-personal service contracts



# Appropriations Language Impact

- ✓ MTFs **can not** legally use funds to pay for local requirements or investments.
- ✓ Funds can **only** pay for the cost of contracts entered into under the TRICARE program
  - Resource Sharing
- ✓ PSC costs likely to be greater than TRICARE contractors expected when they prepared their bids
  - Possible grounds for contractors to file REA
- ✓ Awaiting guidance from Sr Leadership on how to proceed-----stay tuned!!!



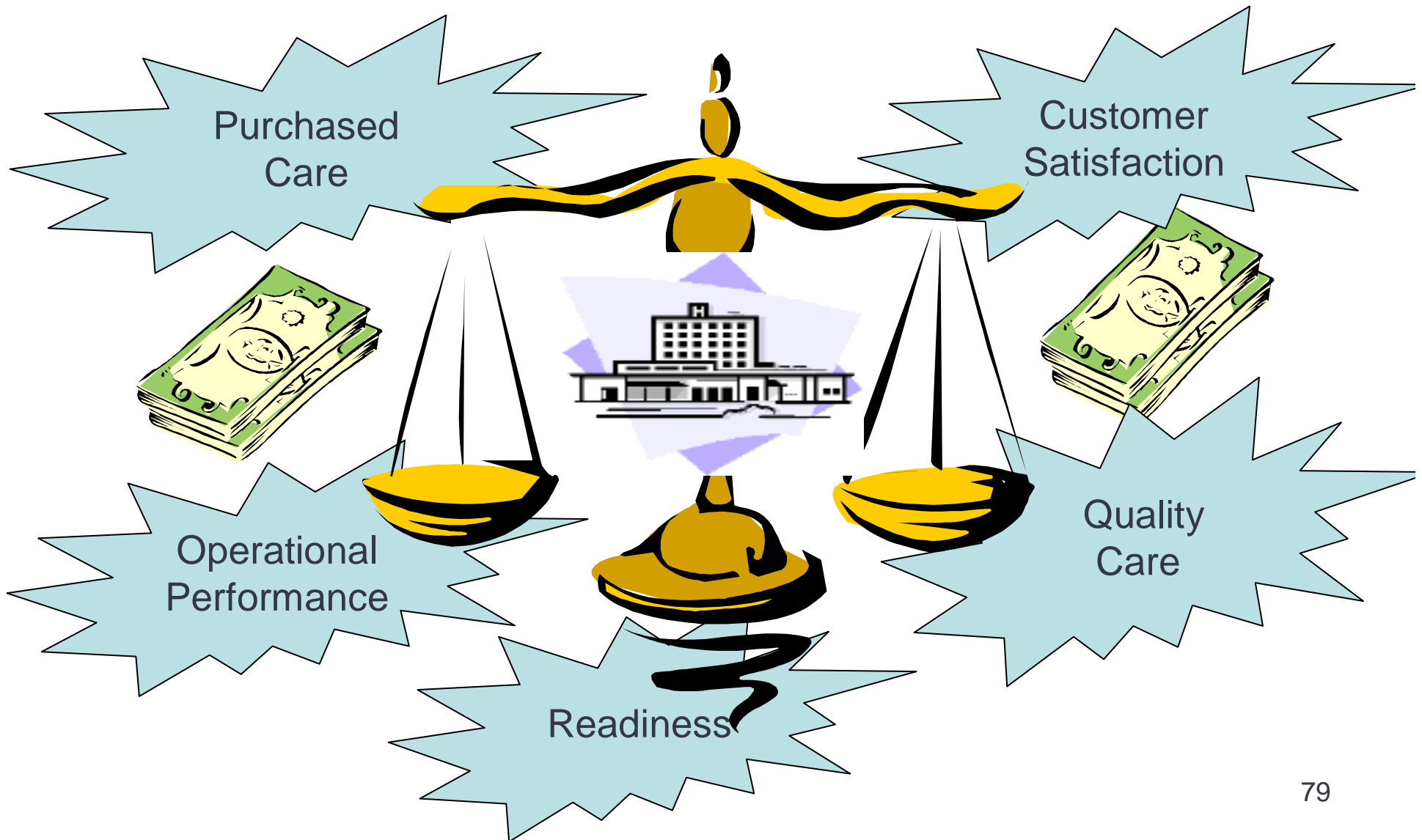
# What Can You Do Now?

- ✓ **Assess** current MTF status and enrollment
- ✓ **Monitor** Prime enrollee purchased care costs
- ✓ **Develop** understanding of where you need to be when new contracts start in your contract region
- ✓ **Develop** MTF specific plans to get from current status to future state
- ✓ **Execute** plan & monitor progress
- ✓ **Keep** communication lines open for latest updates





# Challenge





**Questions?????**